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State and Local Taxes Drop to 30th Nationally

OLYMPIA – July 27, 2010 – Washingtonians pay a lower percentage of their income in state and local taxes than do residents of 29 other states, according to a report issued today by the Washington State Department of Revenue.

The Department's Comparative Tax Statistics report is based on newly released information from the U. S. Census Bureau. Washingtonians paid \$105.49 in state and local taxes per \$1,000 of personal income in Fiscal Year 2008, compared to a national average of \$111.99. Washington's 30th place ranking is a significant improvement over its 26th place ranking in 2007.

In taxes per capita, Washington ranked 16th in 2008, 15th in 2007. Washingtonians paid an average of \$4,354 in 2008, slightly less than the national average of \$4,371.

The report also compares property taxes. Washington ranked 34th in property taxes per \$1,000 personal income in 2008, improved from 32nd in 2007. Washington's 2008 property taxes of \$28.82 per \$1,000 bettered the national average of \$34.49. In property taxes per capita, Washington ranked 26th (\$1,189), \$57 less than the national average of \$1,246. In 2007, it ranked 27th at \$1,143 per capita.

In states such as Washington that have relatively high personal incomes, the tax ranking on the basis of population tends to be higher than the ranking by the income measure. Economists favor comparing taxes relative to income because it takes into account both willingness and ability to pay.

The Census Bureau is the only source of tax data for all states, and it takes the agency time to gather and publish the information. The FY2008 figures do not reflect the sharp drop in tax revenues that began in FY2009.

The full report is available at

<http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2008/Compare08/default.aspx>

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